Report # 82-4a

U. S. -BRAZILIAN RELATIONS: PAST HISTORY AND FUTURE PROSPECTS

by

Robert J. Branco
Cdr, USN

NATIONAL DEFENSE UNIVERSITY

The National War College

STRATEGIC STUDIES PROJECT

The provisions of the Freedom of Information Act are applicable to this document.

By depositing this document at The National War College for permanent retention, the author permits the College to use and reproduce this document as the College sees fit in the pursuit of its educational goals.

notice to reader

The opinions and conclusions expressed herein are those of the individual student author and do not necessarily represent the views of either The National War College or any other government agency. References to this study should include the foregoing statement.

LIB

NWC SSP 82-4a

THE NATIONAL WAR COLLEGE
NATIONAL DEFENSE UNIVERSITY

STRATEGIC STUDY

U.S.-BRAZILIAN RELATIONS: PAST HISTORY AND FUTURE PROSPECTS

by

Robert J. Branco,
Commander, USN

A RESEARCH REPORT SUBMITTED TO THE FACULTY

IN .

FULFILLMENT OF THE RESEARCH

REQUIREMENT

Research Supervisor: Terrell E. Arnold

THE NATIONAL WAR COLLEGE
April 1982

DISCLAIMER-ABSTAINER

This research report represents the views of the author and does not necessarily reflect the official opinion of the National War College, The National Defense University, or the Department of Defense.

This document is the property of the United States Government and is not to be reproduced in whole or part without permission of the Commandant, The National War College, Fort Lesley J. McNair, Washington, D.C. 20319.

THE NATIONAL WAR COLLEGE

STRATEGIC STUDIES REPORT ABSTRACT

TITLE: U.S.- Brazilian Relations: Past History and Future Prospects

AUTHOR: Robert J. Branco, Commander, USN

DATE: April 1982

Review of the last forty years of U.S.-Brazilian relations introduces an analysis of the political, economic and military aspects of the bilateral relationships which declined during the 1970's. Brazil's nationalistic drive for independence and emergence as a leading world power clashed with restrictive U.S. trade, human rights and nuclear proliferation policies to expose a divergence of mutual interests. An evaluation of the important bilateral issues of the 1980's provides a current perspective essential to the understanding of the impact of future policy actions. The assymetrical national orientations of the U.S. and Brazil that underlie this divergence of mutual interest are compared and recommendations are made for the use of the understanding of these national assymetries.

TABLE OF CONTENTS

CHAPTER PAGE

DISCLAIMER-ABSTAINER.....ii

ABSTRACT.....iii

BIOGRAPHICAL SKETCH.....iv

EXECUTIVE SUMMARY.....1

I. INTRODUCTION.....4
Forty Years of U.S.- Brazilian Relations (1942-1982).....4
World War II.....4
Postwar Disappointment.....5
Juscelino Kubitschek.....6
Quadros and Goulart.....7
Renaissance After the Revolution (1964-1967).....9
Divergence (1967-1982).....10
Trends and Competing Interests.....13
Nationalism and Independence.....13
Interdependence.....14

II. DIVERGENT ISSUES OF THE 1970'S.....15
Politico-Economic Issues.....15
Petroleum Politics.....15
World Wide Search for Markets.....18
U.S. Brazilian Market Competition.....20
Nuclear Proliferation.....24
Human Rights.....27
Military Issues.....30
"No More Hand-Me-Downs".....30
The Rise of the Brazilian Arms Industry....33

III. KEY ISSUES OF THE 1980'S AND THEIR IMPACT.....35
U.S.-Brazilian Rapprochement.....35
Brazil's Fiscal Crisis.....39
Abertura--The Political Future of Brazil.....44
Military Security Issues.....48

IV. CONCLUSIONS.....53

NOTES.....58

BIBLIOGRAPHY.....63

BIOGRAPHICAL SKETCH

Commander Robert J. Branco, USN, (M.S. Management, U.S. Naval Postgraduate School) developed an interest in Brazil while studying Portuguese at the U.S. Naval Academy. In 1965, he participated in a Midshipman Exchange cruise to Brazil. He has returned to Brazil on two subsequent occasions, the most recent being in early 1982, and speaks fluent Portuguese. In addition to five tours in the destroyer community, he served as Commanding Officer of the USS MOLALA (ATF-106) in 1971-1972, and graduated with high distinction from the Naval War College Command and Staff Course in 1975. Commander Branco is a member of the National War College, Class of 1982.

EXECUTIVE SUMMARY

Chapter One

Chapter One is a summary of the forty years of bilateral relations between the U.S. and Brazil from 1942-1982. Highlights of the four decades include a variety of political, economic and military issues which characterize the trend of relations between the two countries. During most of the first two decades, Brazil aligned itself with the U.S. politically, but was disappointed with the seeming lack of commensurate economic support from the U.S. Disenchantment with the U.S. led to more independent policy tendencies by the Brazilians. After a brief return to close U.S.-Brazilian ties following the 1964 Revolution, interests of the countries have continued to diverge as Brazil's "economic miracle" enabled the country to emerge as a growing world power. Brazil's growth and economic diversification have reduced her dependence on the U.S. as a market for goods and source of investment. During the last ten years Brazil has voted with the Third World bloc in the United Nations and has exercised global diplomatic relations regardless of ideological considerations.

Chapter Two

Chapter Two examines the 1970's when the divergence between the U.S. and Brazil became pronounced. Reliance

on imported petroleum for eighty percent of its domestic needs caused Brazil to cultivate close economic relationships with its Middle East suppliers, most notably Iraq. The rising price of oil and the growing industrialization of the country accelerated Brazil's search for world markets and resulted in a diversification of trading partners that included the Soviet bloc countries. In addition to disagreement over U.N. voting issues, Brazil's subsidized exports have conflicted with their U.S. counterparts in the world marketplace. Aggressive pursuit of its human rights and nuclear non-proliferation policies by the Carter administration resulted in Brazil's termination of all long standing military agreements with the U.S. Earlier Brazil had already purchased arms for its military from European countries since U.S. hegemonic control had previously limited its arms sales to antiquated U.S. ships and aircraft. By the end of the decade Brazil had developed its own indigenous arms industry that was among the world's leading exporters.

Chapter Three

Chapter Three scans the key issues of the 1980's and evaluates their impact on the future of U.S.-Brazilian relations. While differences over the security of the South Atlantic and Southern Africa policy still exist, early diplomatic contacts between the Reagan and Figueiredo

governments have improved the dialogue between the two countries. Brazil's large external debt poses potential problems for both countries since trade disputes are centered on their competing markets. The return to democratic civilian rule in Brazil through the process of abertura at a time when the country's economic situation is tenuous raises questions about future political stability.

Chapter Four

Chapter Four cites the assymetrical national orientations of the U.S. and Brazil. The U.S. possesses a global political view, espouses a free trade policy and is often preoccupied with its superpower responsibilities. Additionally, the democratic separation of powers can make execution of proposed policies difficult. Brazil has a global economic perspective, coordinates its statist and private industries and is concerned about its domestic economic and political future. Development of the country has been simplified since its centralized government eases the formulation and execution of policy. Understanding these assymetries and taking advantage of points of mutual interest can serve to improve future bilateral relations between the two countries.

CHAPTER I

INTRODUCTION

Forty Years of U.S.-Brazilian Relations (1942-1982)

In the last forty years U.S.-Brazilian relations have been characterized by the ebb and flow of good will in all sectors. A review of the history of this relationship provides the essential perspective for evaluating the nature of future political, economic and military affairs between these two giants of the Western Hemisphere in the 1980's. The era began with the United States on the verge of attaining superpower status, and Brazil attempting to industrialize and diversify her commodity oriented economy. Forty years later the relative influence of the United States as a superpower have diminished while the "economic miracle" of the 1970's has lifted Brazil to tenth in the world in Gross National Product (GNP).

World War II

In the years just prior to World War II, the large German populations in Brazil and other South American countries made them particularly susceptible to Nazi influence. Brazilian President Getúlio Vargas initiated measures to eliminate this influence which threatened his power base. After the fall of France to the Axis in 1940, the United States was concerned about the vulnerability of

the South Atlantic and South America. Over the next two years the U.S. and Brazil negotiated agreements for the defense of the hemisphere. In exchange for supplies of strategic materials and access to bases in Northern Brazil which were useful for protecting merchant shipping lanes, Brazil received U.S. economic assistance and arms shipments. In August 1942 Brazil declared war on Germany and contributed naval units to the defense of the South Atlantic. Later in 1944 Brazil dispatched an Expeditionary Force (Força Expedicionária Brasileira [FEB])to participate in the Italian campaign. The unit was in continuous action for almost seven months and received high praise from Allied commanders.[1] Relationships established in 1944 between Brazilian officers of the FEB and U.S. officers were to play an important role in U.S.-Brazilian relations two decades later.

Postwar Disappointment

In spite of a bloodless coup in October 1945 which overthrew the dictator President Getúlio Vargas, the newly elected president, former General Eurico Dutra, continued the close relationship established with the United States during the war. The 1945 elections also produced surprises in the election of fourteen Communist Deputies and one Communist Senator. In 1947, the Communist Party was declared illegal and dissolved;

subsequently, Brazil broke diplomatic relations with the Soviet Union. Getúlio Vargas regained the presidency in the 1950 elections at a time when Brazilians felt that their contributions to the war effort were not appreciated. While U.S. economic assistance was provided for by the Brazil-United States Joint Commission for Economic Development and the Export-Import Bank, considerably more economic aid was provided only to Europe under the Marshall Plan. After the economic condition of Brazil reached crisis proportions in 1954, President Vargas was forced to resign by military leaders. He committed suicide the same night and was succeeded by Vice President João Cafe Filho who completed Vargas' term while trying to strengthen U.S.-Brazilian cooperation.[2]

Juscelino Kubitschek

The October 1955 national elections brought two former Vargas supporters, Juscelino Kubitschek and João Goulart, to the offices of President and Vice President. During his term President Kubitschek generated the nationalistic concept of 'developmentalism' which, unlike the traditional ideas of nationalism, included such bold strokes as the building of a more centralized capital, Brasilia. Reestablishment of trade contacts with the Communist bloc, slow down of radioactive material exports to the U.S. and denouncement of the International Monetary Fund all signalled

a more independent course for Brazil in international affairs. In May 1958 Kubitschek proposed Operation Pan American, an ambitious multilateral economic scheme for the Western Hemisphere supported by the U.S. and other foreign investment. The U.S. took no action on the proposal until developments in Cuba threatened the political stability in Latin America.[3]

Quadros and Goulart

In 1960 Jânio Quadros won a sweeping presidential victory on a platform promising more development, more nationalism, and an independent foreign policy. Because Brazilian law permitted split tickets, Vargas protege João Goulart was elected Vice President. Quadros' visits to Premier Khrushchev, Marshall Tito, President Nasser, Prime Minister Nehru and Castro's Cuba prior to the election signalled his intent to pursue that independent policy. After being elected, President Quadros restored diplomatic relations with the Soviet Union, supported U.N. debate on the admission of Communist China and presented the Cruzeiro do Sul order medal to "Che" Guevara and nine members of a Soviet goodwill mission. While actively demonstrating Brazil's independence from the United States he was unable to affect improvements in the country's sagging economy and surging inflation rate which was the highest in Latin America. Suddenly after only eight months in office

and plagued by a Congress that gave him no support, Jânio Quadros resigned and fled the country. After settling the succession problem with reluctant military leaders, President Goulart continued the same independent foreign policy which was often anti-American. Brazil opposed an OAS resolution to exclude Cuba from activities in that organization in Punta del Este in January 1962, and Governor Leonel Brizola of Rio Grande do Sul, the President's brother-in-law, nationalized a number of American-owned utilities without proper compensation. The official establishment of the Alliance for Progress, the U.S. version of Juscelino Kubitschek's Operation Pan America, was overshadowed by this deterioration of relations. Brazil's failure to meet foreign debt payments exacerbated the country's runaway inflation and suppressed virtually all foreign investment. The U.S. continued to provide emergency economic loans to Brazil. Widespread sympathy in the wake of President Kennedy's death in 1963 briefly regenerated U.S.-Brazilian friendship. Goulart's continuing inability to work with Congress caused him to try to bypass the Congress and judiciary by calling for a populist movement to support his quest for unlimited powers in March 1964. As a result of widespread disappointment with President Goulart and his ineffective administration, conservative military leaders removed him in a coup on 31 March 1964.[4]

Renaissance After the Revolution (1964-1967)

With the flight of President Goulart to Uruguay and the military High Command's selection of retired General Humberto Castelo Branco to head the new government, U.S.-Brazilian relations enjoyed an immediate positive turnabout. Strong assurances of realignment with the United States were backed by actions--breaking of diplomatic relations with Cuba, purging the government of leftist elements and dispatching Brazilian troops to the Dominican Republic in support of the U.S. intervention in 1965. President Castelo Branco's allegiance to the U.S. had its roots in his service with the Força Expedicionária Brasileira in World War II when he established close personal friendships with American officers such as General Vernon Walters. As U.S.-Brazilian relations improved drastically, the United States swiftly provided over $228 million in economic aid between April and November 1964. In December of that year Brazil received a commitment for an additional $1 billion in financial assistance. President Castelo Branco's government established comprehensive economic reform measures and relaxed restrictions on the remission of profits in an effort to stimulate foreign and domestic investment in Brazil. While pursuing this strong anti-Communist posture and ideological alignment with the U.S., Castelo Branco became vulnerable to criticism from nationalistic elements of the military leadership.[5]

Divergence (1967-1982)

The inauguration of General Artur Costa e Silva in March 1967 and the arrival of the new U.S. Ambassador John Tuthill marked the beginning of another emphatic turn in U.S.-Brazilian diplomacy. Unlike his predecessor, Costa e Silva had not served with the FEB and did not possess close ties with the U.S. military. Rather as a critic of Castelo Branco and member of the nationalistic hard line (linha dura) faction, he chose to regain the more independent stance that Brazil had previously professed. The American Ambassador's meeting with opposition leader Carlos Lacerda caused Costa e Silva to refuse to see Tuthill. The Brazilian president retracted his country's support of the Inter-American Peace Force in the Dominican Republic, increased repressive practices in the interests of "internal security" and criticized the U.S. for its failure to show its appreciation to its World War II allies by providing modern military equipment suited to the country's needs. The increased centralization of powers under the authoritarian military regime caused the U.S. Congress to suspend or delay U.S. loans thereby increasing tensions between the two governments. As Brazilian nationalism grew in all sectors, Ambassador Tuthill felt that the U.S. was overcommitted in Brazil; therefore he reduced embassy personnel by one-third and phased out some programs. The Costa e Silva government

and the private sector began the search for markets and foreign investments in many parts of the world in an effort to decrease economic dependence on the United States.[6]

President Costa e Silva was incapacitated by a stroke in August 1969; in September the American Ambassador, C. Burke Elbrick was kidnapped by leftists who released him in exchange for 15 political prisoners. General Emílio Garrastazú Médici was selected as Brazil's new chief of state, bypassing Costa e Silva's civilian vice president. While a dedicated anti-Communist and fundamental supporter of the U.S. and the Nixon Administration, Médici established a course for Brazil which truly reflected its vital interests and determination to pursue an independent foreign policy. The extension of Brazilian territorial waters to 200 miles from its shores in March 1970 was the result of economic ambitions and national pride. The declaration was designed to protect valuable resources from foreign exploitation--shrimp and lobster in the north and rich fishing grounds of the southern coastal states of Rio Grande do Sul, Santa Catarina and Paraná. Some years earlier Brazilians had been embarrassed by the successful protection of French lobstermen by the French Navy in Brazilian waters. Reiteration of an earlier refusal to sign the Nuclear Non-Proliferation Treaty, building the much publicized trans-Amazonic highway and expanding trade with Eastern Europe were the beginnings

of a much more diversified national development policy. Since U.S. capital investment and technology transfer had not met Brazilian expectations in the years after the 1964 Revolution, and since U.S. ideological pronouncements were muted by President Nixon's detente policies with the Soviet Union and People's Republic of China, Brazil, relying on its own initiative, concentrated on meeting economic growth and national development goals. After focusing on the domestic consolidation of power and suppression of subversive elements following the Revolution, President Médici's diplomatic corps launched an active campaign to revitalize Brazilian relationships throughout the world.[7]

The inauguration of a new President, Ernesto Geisel, in March 1974 began one of the more dynamic periods of modern Brazilian history. Ten years of economic austerity and development planning resulted in Brazil's "economic miracle." The rapid expansion of its industrial and agricultural sectors was linked with an agressive economic diplomacy abroad unencumbered by ideological concerns. The large increase in oil prices incident to the 1973 Middle East crisis, endangered Brazil's development plans since 80 percent of its petroleum was imported. Economic trade missions, often accompanied by key government personnel, traveled the globe in search of technology and market agreements that could offset the balance of payments problems caused by high priced petroleum

imports. Aggressive pursuit of its human rights and nuclear non-proliferation policies in 1977 by the Carter administration resulted in Brazil's termination of all long standing military agreements with the U.S. Diplomacy between Brazil and the U.S. remained cool and formal throughout the remainder of President Carter's term in spite of his state visit to Brasilia in 1978.[8]

Rapprochement is the current theme for the diplomatic climate between Brazil's President João Baptista Figueiredo and President Ronald Reagan. The list of American government representatives who have completed official visits to Brazil in 1981 includes General Vernon Walters, Assistant Secretary of State Thomas Enders and Vice President Bush. In spite of differences in the economic and political spheres, the dialogue between the two countries has continued to improve.

Trends and Competing Interests

Nationalism and Independence

Throughout the last forty years of U.S.-Brazilian relations, Brazil has experienced a constant rising nationalism that has competed with the dependence on foreign investment necessary to attain national goals. Alignment or the threat of non-alignment have been used by Brazil to obtain the massive amounts of economic aid vital to the development of the infrastructure and industry required to realize its full potential as a future superpower. While still dependent on foreign economic aid, Brazil has established the base from which to expand its economy and improve its

relative measure of independence. During this period of rising nationalism in Brazil, the primary interest of the United States was one of ideological alignment as it related to hemispheric security. Brazilian divergence or independence in foreign affairs was viewed as a signal to use the economic 'carrot' or special program (i.e. Alliance for Progress) to regain the desired political support. During the last 15 years of consistently divergent interests, Brazil's aggressive global economic diplomacy has diversified the sources of foreign investment into the private sector, virtually achieving independence from U.S. government influence.

Interdependence

The trend during this era has been towards a global competition for the scarce resources--the raw materials that fuel the modern economies. As Brazil has become more developed and able to exploit its wealth of these resources, its dependence on others has been limited to single commodities or products. By pursuing complementary trade strategies, Brazil has eliminated asymmetrical arrangements. This phenomenon has occurred on a global basis and between the U.S. and Brazil to the extent that they share an interdependent relationship involving the exchange of Brazilian raw materials and manufactured goods for U.S. investment capital and technology.

CHAPTER II

DIVERGENT ISSUES OF THE 1970'S

Politico-Economic Issues

Petroleum Politics

From 1966 to 1973 Brazil rode an economic boom that launched her to the forefront of the advanced developing countries in the world. The energy crisis which occurred during the Arab-Israeli War in 1973 and the subsequent price increases threatened to reverse the gains of economic austerity and well planned development. The increased petroleum prices raised the country's imported oil bill from $710 million in 1973 to $2.8 billion in 1974.[1] In 1979 Brazil's oil imports cost $4.2 billion but a year later those costs more than doubled to $10.5 billion.[2] While increasing from only 38 percent to 42 percent of the country's total energy needs from 1968 to 1978, actual petroleum demand doubled increasing from 20 million tons of petroleum equivalent to 46 million tons of petroleum equivalent.[3] The extensive distances between Brazil's industrial centers and a lack of sufficient transportation infrastructure exacerbates an already difficult energy problem. The country's love affair with motor vehicles has placed a heavy dependency on buses and trucks due to an inadequate rail system. Rationing, high prices and a conversion of gasoline burning vehicles to gasohol are current steps to reduce reliance on imported petroleum.[4]

Petroleum politics have played an important role in Brazilian diplomacy in the 1970's. With Saudi Arabia, Iraq, Algeria and Kuwait providing 75 percent of the country's imports in 1974, pressures from Arab diplomats resulted in a public change of Brazilian Middle East policy. In January 1974 Foreign Minister Gibson Barboza condemned Israeli conquest of Arab territory and supported rapid withdrawal from all occupied territories. President Geisel made a bid for Arab investment in March 1974, praising old ties of Arab friendship. Foreign Minister Azeredo da Silveira supported acknowledgment of Palestinian rights in a U.N. general debate in September 1974, and Brazil voted in favor of a General Assembly resolution granting PLO observer status in the General Assembly. Two years before, Brazil had strongly criticized a similar resolution. In this same period Brazil improved relations with all Arab states and extended diplomatic ties to smaller Persian Gulf states. In November 1975 Brazil departed normal Western and Latin American voting blocs to vote in favor of General Assembly Resolution 3379 which defined Zionism as a form of racism. In addition to the unfavorable reaction in the United States, the press in Brazil accused the Foreign Ministry of selling out national principles for economic gains. Subsequent to this extreme domestic reaction, the Brazilian government has avoided voting on controversial Arab issues by abstaining or being absent.[5]

Pursuit of an independent foreign policy outside of the previously traditional alignment with the United States and the West went beyond the realm of petroleum politics. Beginning with the Costa e Silva government in 1967 Brazil's United Nations General Assembly voting tendency was reoriented toward the Third World blocs in Latin America, Asia, and Africa. After concluding a study of Brazil's U.N. voting record for the period 1965-1975, Professor Wayne Selcher concluded that while pursuing a path of support to third world blocs in political and security, economic and social-technical-cultural issues, Brazil had not been a conspicuous leader or follower. Results indicate a tendency to support the moderate segment of the Lesser Developed Countries (LDC'S) with particular care being given to avoid ties with militant nations. The only exception to this centrist approach was 1973 when Brazil voted solidly with the Arab, African, Asian and Latin American blocs on political issues, perhaps in a desperate attempt to ease the pressure of the OPEC price increases which threatened the highly petroleum dependent economy. Brazil and the U.S. have consistently disagreed on economic issues since 1969 and will in the forseeable future as long as their philosophies differ and their competition in a large number of world markets continues.[6]

World Wide Search for Markets

In this period of U.S.-Brazilian divergence across the political, economic and military spectrum Brazil expanded trade to all corners of the globe. One failing of Brazil's import substitution policies in the two decades after World War II was the deterioration of the country's exports. In 1966 Brazil marketed 33.4 percent of its exports to the U.S. and received 39.4 percent of its imports in return. As a result of a strategy to reduce its economic dependence on the U.S., Brazil reduced its exports to 22.4 percent in 1978 and only imported 21.1 percent of its goods from America in that year. Much of this trade was diverted to the European Common Market where by 1978 Brazil sent 29.5 percent of its exports. In addition to diversifying its primary trading partners, Brazil diversified the structure of its economy during its "boom" to include a wide variety of manufactured goods and new agricultural products. The Brazilian "miracle" increased exports from a volume of $1.49 billion in 1966 to over $12.65 billion in 1978. The success story was linked to a vicious circle of petroleum price increases which began in 1973. Since Brazil has depended on imported oil for 70-80 percent of its national needs, export expansion and diversification has become essential to its economic survival and to its continued development.[7]

Brazil has assumed a pragmatic stance in its economic dealings in this period, seeming to place little stock in previous ideological alignments. Exports to the Soviet Union increased from $32 million in 1966 to $411 million in 1976. In addition to the usual Brazilian products--coffee, sugar, cocoa and vegetable oils--soybeans and manufactured goods including shoes, textiles and electrical appliances were exported. In exchange Soviet crude oil and hydroelectric turbines were delivered to Brazil. The two primary complications of this trade with the Soviets and other bloc countries were the large Brazilian trade surplus which resulted and a currency convertability problem.[8]

Possessing the largest GNP and population in Black Africa, Nigeria is Brazil's primary marketing target in Africa. This trade relationship permits Brazil to diversify its oil sources at the same time as it exports large amounts of its manufactured goods. As an important influence in Brazil's decision to recognize the MPLA in Angola in November 1975, Nigeria provides the key to Brazil's successful trade hopes in other African states. As a result of its early recognition of the MPLA in Angola, Petrobras was the first company to be allowed to prospect for oil in that country. Trade relations have been established but some uncertainty about Brazil's change of support from the colonial Portuguese government to the MPLA still exists.

In Brazil lack of domestic support for dealing with a Soviet-Cuban supported government has kept the progress of relations gradual. In spite of public condemnation of South Africa's apartheid policies, Brazil has long maintained a very low profile trade program with that country ($149.6 million imports and exports 1979).[9]

For over ten years Iraq and Brazil have been involved in trade and commercial ventures. In 1971 Petrobras bartered $5 million worth of automobiles and other manufactured goods. When a multinational consortium, Iraq Petroleum co., was nationalized by Iraq in 1972, Petrobras was one of the few who bought boycotted crude. Petrobras discovered the Majnoon field (7 billion barrels of reserves) but later when Brazil requested Iraqi oil to fill the Iranian reduction of oil output, the Majnoon contract was cancelled by Iraq with only $284 million of oil offered as compensation. Brazilians also are building Iraq a $1.2 billion railroad to the Iranian frontier. Iraq imports soybeans, sugar, tractors, armaments and cars.[10]

U.S.-Brazilian Market Competition

At the height of Brazil's economic miracle in the early 1970's, that country's expansion into industry and manufacturing initiated competition between the U.S. and Brazil in a number of markets. Prior to this economic boom,

the U.S. had always maintained a substantial edge both in the balance of trade and in specific market competition. A number of measures taken by Brazil's economic planners in the 1964-1974 period were designed to expand and diversify its exports and make them competitive on the international market. Among these measures were the abolishment of state export taxes, subsidy credits and export tax incentives and simpler export administrative procedures. By way of export diversification these changes were directed at the expansion of the exported manufactured goods and reducing the country's historical reliance on commodities such as coffee and sugar.[11]

The first major controversy over unfair subsidy application came in the instant coffee market. Since Brazil's share of world coffee sales had fallen 37 percent in 1967 from 80 percent in the previous generation, government subsidy permitted its instant coffee producers to pay only $4 per bag of green coffee. Their American competitors who were paying $40 per bag protested the unfair competition in accordance with an 1890 U.S. law which requires levying of compensatory duties or establishing export quotas. Since the application of a U.S. duty would appear to be outright protectionism, the dispute was referred to the International Coffee Organization. Now in the role of the 'colonial style imperialist' the U.S. producers threatened to undermine the

the International Coffee Agreement which they had helped to sponsor, and the instant coffee industry which they had established in Brazil. Subsequent negotiations resulted in the imposition of a token export tax of $.13 per pound of instant by Brazil and a sale of 560,000 bags of green coffee without export duties to the U.S. Later the issue became irrelevant as instant coffee producers shifted to the use of African beans, cheaply available to both countries.[12]

While the memory of the coffee issue was still fresh in the minds of diplomats and trade representatives, the U.S. footwear industry experienced the combination of its own stagnation and the rise of its Brazilian competitors. American manufacturers facing a steady decline in the shoe market, demanded in 1974 that the Treasury Department investigate the unfair competition. In September 1974 acting under a court order, the Treasury Department found Brazil at fault. The formal note of diplomatic protest from the Foreign Ministry which protested the imposition of countervailing duties was not representative of the total Brazilian view of the situation. Of greater concern to Finance Minister Mario Henrique Simonsen was the amount of the surcharge and its potential impact on the Brazilian shoe market. The ultimate result was a duty of 4.8 percent, far less than the 24 percent originally expected. This virtual Brazilian victory was a result of close cooperation with

the Treasury Department. In spite of the seemingly detrimental precedent established in this case of prevailing duties, application would remain specific and negotiable. This same bureaucratic anomaly between the rigid principles of the Foreign Ministry and the accomodating spirit of the Finance and Planning Ministries has limited the effectiveness of Brazilian negotiators at multilateral trade talks in Geneva. In 1977 and 1978 similar attempts to levy countervailing duties on Brazilian cotton yarn, towels, ferroalloys, and pig iron were mostly unsuccessful. Brazil agreed to phase out export subsidies and the U.S. required that U.S. business injury complaints be specific prior to the levy of these duties.[13]

In an effort to reduce barriers to developing country exports, the U.S. Congress passed the Trade Reform Act of 1974. This legislation established the Generalized System of Preferences (GSP) which permits eligible products from developing countries to enter the U.S. market duty free. Designated beneficiary developing countries could export manufactured and agricultural products directly to the U.S. which were not on a list of sensitive, excluded products to a maximum of $25 million (in 1974 dollars) or 50 percent of total U.S. imports of that article. While some products including foorwear, textiles and apparel are legally excluded from GSP, others not produced in the U.S. are exempt

from the 50 percent or $25 million ceiling. While GSP has enhanced developing country access to U.S. markets, certain product exclusion and 'graduation' of countries as their product exceeds the maximum limits of the provisions of the Trade Reform Act has created ill will between the U.S. and the developing countries. In the particular areas of diesel engines, auto parts and certain agricultural products, the U.S. and Brazil have maintained a running series of disagreements.[14]

Nuclear Proliferation

One of the most sensitive issues in U.S.-Brazilian relations in the 1970's involved the construction program for nuclear power plants and the associated fuel processing equipment in Brazil. In 1971 Brazil agreed to buy two 626 megawatt nuclear power reactors from Westinghouse, the largest exporter in the nuclear field. The reactors were to be powered by uranium mined in Brazil and enriched in the United States as a result of contracts signed in 1972. The Brazilian government monopoly, NUCLEBRAS was established in 1970. Even in 1967, when U.S.-Brazilian ties were close, Brazil felt that U.S. conditions for the fuel cycle were too restrictive and were designed to keep its nuclear program totally dependent on the U.S. The unhappy aftermath of the OPEC oil crisis in 1973 made the nuclear program even more significant due to Brazil's heavy dependence on

imported oil. In 1974 the U.S. Atomic Energy Commission informed Brazil that it could not guarantee delivery of the contracted enriched uranium; the advance contract payment was even refunded. Previously Westinghouse had been refused a permit by the U.S. government to construct fuel enrichment and processing plants in Brazil, primarily because of that country's failure to ratify the Nuclear Non-Proliferation Treaty. Westinghouse offered to build an enrichment facility in the U.S. for Brazilian use, but this alternative was rejected for the complete cycle concept. After some considerable negotiation in June 1975 Brazil signed an agreement with the West German reactor construction monopoly, Kraftwerken, to assist with the equipment technology in the construction of eight power reactors and the associated enrichment and processing equipment. This transaction enabled Brazil to acquire most of the essential elements for the production of nuclear weapons. In spite of the fact that this agreement included controls and safeguards more stringent than those called for by the International Atomic Energy Agency and the Nuclear Non-Proliferation Treaty, the U.S. Congress and American press expressed dissatisfaction and alarm. No apparent effort was made by the members of the Ford administration to thwart the deal or make any public denouncements.

During his campaign, Jimmy Carter promised to address the dangers of nuclear proliferation during his presidency. Immediately after assuming office, President Carter sent Vice President Mondale to Bonn to persuade Chancellor Schmidt to rescind the contract with Brazil. The German government was not about to yield to either Vice President Mondale or Warren Christopher a number of weeks later. After a letter from President Carter to President Geisel requesting that Brazil reconsider the agreement, Assistant Secretary of State Christopher made a visit to Brasilia in March 1977. At this point the Brazilian government was incensed because the 1976 Memorandum of Understanding that Henry Kissinger had established for the express purpose of prior consultation in matters of common interest had been violated in a most undiplomatic way. When Warren Christopher arrived with an alternative nuclear agreement proposal the Brazilians flatly rejected it. Later in 1977 Secretary of State Vance attempted to convince Brazil to change its nuclear plans, but regardless of his persuasive methods and his threats the Brazilians failed to yield.[15] In 1978 Congress passed the Nuclear Non-Proliferation Act setting more severe restrictions for nuclear fuel exports than were initially established when the U.S. and Brazil signed the fuel agreement in 1972. The 1978 law does not require the enriched uranium buyer to be a party to the NPT; however, it does require submission to inspections

of all facilities by the International Atomic Energy Agency (IAEA). While Brazil has permitted IAEA access to West German and U.S. constructed nuclear facilities, the national reactor in Sao Paulo has been closed to inspection.[16]

Brazil continues to explain that all nuclear power ambitions are for peaceful purposes such as Peaceful Nuclear Explosives (PNES) used in deep mining and major earth excavation projects.[17]

Human Rights

In the wake of the 1964 revolution in Brazil the military government undertook a compaign to purge the government and other institutions (i.e. education, media, etc.,) of the leftists elements that had taken the country to the brink of crisis. Political prisoners, torture and loss of political rights were facts of life in Brazil although the gravity of these abuses was not widely known. When it became obvious in the Costa e Silva presidency that strong military rule was to be indefinite, the frustrations and outcry of liberal elements of Brazilian society and the institutionalization of repressive measures by Institutional Act V of December 1968 escalated to confrontation. By August 1969 ten guerrilla organizations were reported to be operating in the country. The kidnapping of U.S. Ambassador C. Burke Elbrick in September 1969 and his subsequent release in exchange for 15 political prisoners triggered a violent government reaction that lasted until 1973. Constitutional guarantees

were suspended, the death penalty reinstated for the first time since 1891 and thousands interned for political reasons alone. In addition death squads consisting of off-duty security police members murdered hundreds of suspected subversives and criminals. By 1973 the military government announced a victory in its campaign against subversive elements, but the unknown numbers of victims of this repression were the subject of widespread protest by organizations such as Amnesty International. During 1972-1973 the U.S. Congress terminated the Agency for International Development (AID) program to train and supply Brazilian security forces. While the Nixon and Ford administrations avoided the subject of human rights in their public diplomacy, the leak to the press of the strong protest note of U.S. Ambassador John Crimmins in the case of abuses of American missionary, Fred Morris, irritated the Brazilian government.

After his inauguration as president in 1975 Ernesto Geisel pursued a steady program of disengaging from these widespread authoritarian measures. Censorship was eased and the indiscriminate detention and torture of political prisoners was discouraged. One highly publicized case, the mysterious death of well-known São Paulo journalist, Vladimir Herzog in October 1975 resulted in Geisel's dismissal of the Second Army commander, one of Brazil's most important military commands. Generally, the human rights issue had essentially

run its course before President Jimmy Carter undertook his campaign to promote human rights on a global basis. While his general focus was the human rights record of the Soviet Union and its Eastern bloc states, legislative enactments were directed at denying U.S. aid (economic and military) to those nations which had violated these basic tenets. The International Security Act of 1976 required the State Department to submit reports to Congress on all countries receiving military or security assistance. The report on Brazil recited the past record but qualified this with the improvement in progress and rationalized the reasons for past abuses (i.e. subversion, etc.). While no particular problems were expected in Congressional review, the Brazilian government was provided with an advanced courtesy copy by the U.S. Ambassador in March 1977. The Foreign Ministry considered the report to be unwarranted interference in the internal affairs of Brazil and immediately denounced the military aid agreement in effect since 1952. While Brazilian domestic reaction was moderate, the government felt that this human rights issue was linked to pressure being brought on Brazil regarding its nuclear power program development. After U.N. Ambassador Andrew Young criticized the Brazilian human rights record, the American administration withdrew from its public stand on human rights performance. During Rosalynn Carter's visit to Brazil in June 1977 no

adverse reaction was noted. However, in September 1977 Brazil officially ended all long standing military agreements by closing the U.S. naval mission and the U.S.-Brazil Joint Military Commission. Military linkage continued through the Chiefs of staff of the two countries and the continued participation in joint exercises.

President Carter's March 1978 visit to Brazil was proceeding smoothly, until in interviews with the Brazilian press he suggested that since Brazil supported the Inter-American Human Rights Commission, that organization or the U.N. should be allowed to investigate allegations. While he felt that the primary reason for having a human rights policy was to call the attention of international leaders to the problem, this effort only served to arouse further anger and nationalistic sentiment of the government's leadership.[18] While Brazil took no further overt actions with regard to its U.S. relationship, a more lasting change resulted. The dialogue between the U.S. and Brazil would be strained and characterized by cynicism and mistrust for some time.

Military Issues

"No More Hand-Me-Downs"

The nature of U.S. military assistance to Brazil and the other Latin American countries in the three decades after World War II was limited to selling or leasing antiquated

surplus military equipment and providing military training. In the two decades (1951-1972) of active Foreign Military Sales to Brazil, the U.S. transferred six Fletcher class destroyers, seven diesel submarines, twenty F-80C jet aircraft and 55 M-41 tanks. At the outset these FMS sales were an affordable way to improve their armed forces, but the aging equipment soon became operational liabilities as spare parts were difficult to obtain or unavailable. Additionally, the heavy drain of U.S. military equipment in the Vietnam conflict caused the U.S. to prohibit sales of certain modern arms to Brazil and the other Latin American countries who desired them. Modern U.S. warships, supersonic aircraft and sophisticated weapons systems were too costly for the limited defense funds available. If these limitations were insufficient to embitter the Brazilian military, the hegemonic controls exercised by U.S. military and political leaders over arms sales to Brazil and her Latin American neighbors by virtue of the need to maintain an arms balance in a continent riddled with border disputes achieved this result. Having served as a faithful ally in World War II, Brazil felt betrayed by the U.S. While U.S. rhetoric declared Brazil's importance in the defense of the hemisphere, the implied lack of responsibility to fulfill this role with modern equipment sounded the end of the U.S. as the primary arms supplier in Latin America and a change in the character of U.S. military and political influence in that area.

In May 1970 Brazil announced the purchase of sixteen French Mirage III aircraft. In September of that year Brazil ordered six Vosper Thorneycroft frigates armed with Seacat, Exocet and Ikara missiles from Great Britain. This $280 million purchase required four to be built abroad and two to be co-produced under license in shipyards in Rio de Janeiro. Other purchases included six West German coastal minesweepers and three Oberon class submarines from Great Britain. Later in 1973 Brazil ordered 42 F-5E's on credit from the U.S. when the Nixon administration invoked a special provision of the Foreign Military Sales Act of 1968. Brazil entered into this purchase agreement only because of the availability of FMS credit and the high overhaul and maintenance costs of the Mirage fighters from France. In the area of new naval and ground equipment, however, the U.S. was still not cost competitive. This brief reentry of the U.S. into the Latin American FMS market was terminated by Congressional investigations of human rights violations and apparently uncontrolled arms transfers abroad. The provisions of the International Security Assistance and Arms Export Control Act of 1976 and the Carter administration's untimely interference in Brazil's nuclear agreement with West Germany resulted in the Brazilian government's termination of all bilateral military agreements with the U.S. in September 1977.[19]

One of the major losses resulting from the cancellation of these agreements in 1979 was the International Military Education and Training Program (IMET). The IMET program provided instruction and training in military skills and U.S. military doctrine on a grant basis to military and related civilian personnel of foreign countries. This exposure to U.S. society, institutions, and goals provided a sound basis for future military relationships.

The Rise of the Brazilian Arms Industry

Confronted with the need to modernize its armed forces in the face of arms transfer restrictions imposed by the U.S. and the high costs of the world arms market, Brazil decided to establish an indigenous arms industry. In 1969 Empresa Brasileira De Aeronautica (EMBRAER) was founded as a result of the movement to develop a national aircraft industry. In the ten years of production from 1971-1980 EMBRAER grew to a product line of eleven different types of aircraft (50 different models) and annual sales of $166 million (1980). In this period 2,482 aircraft have been built, 150 of which have been delivered on the international market. The popular Bandeirante, a commuter turboprop aircraft, has been purchased in twenty-three countries, and currently offers stiff competition to the U.S. aircraft industry. Maritime surveillance and transport versions are also in production for use by the Brazilian armed forces.[20]

In 1975 a new law formed the state-owned holding company Industria do Material Belico do Brasil (IMBEL). The purpose of this enterprise was to coordinate the military sector and private companies which comprised Brazil's seven most important factories which produce military material. In addition to meeting the needs of the armed forces, IMBEL was responsible for formulating policy to permit these industries to compete in the international arms market. The most famous of these corporations was ENGESA which originally produced trucks but which has gained international prominence for its construction of wheeled armored vehicles such as the Cascavel and its amphibious counterpart, Urutu. The unique development of an independent traction system for each wheel of these light vehicles has made them popular. Cascavels have been battle tested in the 1973 Arab-Israeli conflict and in the current Iran-Iraq War. In less than a decade Brazil has created an arms industry that ranked fifth in the world on the list of export manufacturers, encompassing more than fifty private and state enterprises with sales of about $5 billion. First, driven by the need to provide its own armed forces with modern affordable equipment, and later taking advantage of its production capabilities to export and improve Brazil's balance of payments, the arms industry has become a viable force in the international market.[21]

CHAPTER III

KEY ISSUES OF THE 1980'S AND THEIR IMPACT

U.S.-Brazilian Rapprochement

During the first fifteen months of the Reagan administration a series of visits by high ranking U.S. officials was arranged to restablish a U.S.-Brazilian dialogue that had been lacking since President Carter's relentless drive for human rights and control of nuclear proliferation. General Vernon Walters, a former military attache to Brazil, was President Reagan's first official envoy. In February 1981 he delivered a "White Paper" on 'Communist Interference in El Salvador' to President Figueiredo. In an audience with the Brazilian President and Foreign Minister he explained the U.S. position with regard to possible intervention. President Figueiredo stated categorically that Brazil would not become involved in any intervention into El Salvador. If sufficient proof of this Communist interference were available, the Brazilian president recommended that the U.S. unilaterally condemn the Soviet-Cuban actions in an international forum.[1] While the U.S. did not receive Brazilian support during this visit, the fact that Washington had sent an old friend of Brazil to present the case was a signal or precedent for consultation with the Figueiredo government on major hemispheric issues.

In June 1981 President Reagan's nomination of Langhorne Anthony Motley as Ambassador Robert Sayre's successor in Brasilia was seen by many as just another political appointment. The true wisdom of Ambassador Motley's selection extends far beyond his outspoken views on the Carter administration's poorly executed human rights and nuclear program policies. As the son of an American father and a Brazilian mother he brings a knowledge of the Brazilian people and their culture along with a fluency in Portuguese based on the seventeen years that he lived in Rio de Janeiro.[2]

Assistant Secretary of State for Inter American Affairs Thomas Enders met with Foreign Minister Saraiva Guerreiro on 17 August 1981 for the expressed purpose of consulting on several policy issues. Of primary concern to the U.S. was the future of security in the South Atlantic and the question of Namibian independence. While Washington is concerned about the security of that area, Itamaraty (the Brazilian Foreign Ministry) considers the South Atlantic adequately protected by the Rio de Janeiro treaty.[3] Secretary Enders detected a significant amount of pessimism regarding the future of <u>abertura</u> among the businessmen, ministers and politicians of the various political parties whom he met during his visit.[4]

In October of 1981 Vice President George Bush visited Brazil to conduct consultations, to invite President

Figueiredo to visit the U.S. and to announce a compromise in an earlier nuclear agreement between the U.S. and Brazil which will remove the threat of a $20 million fine for breach of contract. In 1972 Brazil had signed a contract for enriched fuel supplies for its first nuclear power station, Angra I. After this contract was signed, the Nuclear Non-Proliferation Act of 1978 was passed by Congress which established more strict conditions for export of nuclear fuel. Brazil had refused to comply with the additional inspections required and had arranged to obtain the fuel from a consortium of West German, Dutch and British uranium enrichment companies. The temporary exemption from the fine lasts for a year. Vice President Bush hopes that the legality of the supply problem will be resolved in this period. During Bush's meeting with government officials, Foreign Minister Guerreiro commented on the U.S. preoccupation with the arms race, while Congressmen were concerned about high U.S. interest rates and their effect on the Brazilian economy. Vice President Bush told Acting President Aureliano Chaves that the U.S. favored eliminating Brazil from the list of nations qualified to receive concessionary loans from the World Bank, an issue that has worried Brazilian government and business interests.[5] Upon reassuming his office after convalescing from an October 1981 heart attack, President Figueiredo accepted the

invitation for a state visit to the U.S. in May 1982, the first by a Brazilian president in ten years.

Among the key issues targetted for resolution with Brazil in the future are:

(1) The nuclear proliferation issue (tied to legislation which restricts Foreign Military Sales and Military training [IMET])

(2) Improved Brazilian voting support in the U.N. General Assembly

(3) Trade issues involving protective tariffs and the Generalized System of Preferences (GSP)

Compromise negotiations such as the temporary exemption from the $20 million fine in the case of the nuclear fuel contract are examples of the progress needed to improve relations between the two countries.

In a recent interview Foreign Minister Saraiva Guerreiro emphasized the necessity of personal contact between the presidents in May 1982 to generate a more flexible and mature relationship and to create an atmosphere of trust. He includes U.S. protectionism, differences of political views at the international level, negotiation of the new aeronautics accord and the continuing nuclear deadlock as the key unresolved issues. The new Caribbean Basin initiative first praised by Brazil is now being criticized because of its potential impact on Brazilian sugar exports. In answer to the criticism that Brazil practices protectionism Minister Guerreiro states that "we are not protectionistic by nature but out of sheer need."[6]

Brazil's Fiscal Crisis

Brazil's last fifteen years of unprecedented economic growth have been challenging ones for the country's economists who have directed the country's development. The country has rapidly moved into the computer age and established an industrial base without benefit of the gradual development most countries undergo. One liability Brazil has always had is its heavy dependence on imported petroleum. In 1979 the foreign debt was $50 billion as a result of the high annual oil import bill, and the annual debt service was driving this debt up at a rate that caused serious doubts among the country's many creditors. In that same year, President Figueiredo had asked the growth-oriented planner of Brazil's economic "miracle" in the late 1960's, Antonio Delfim Netto, to join his cabinet as Agriculture Minister. While Delfim was organizing and improving his ministry, Planning Minister Mario Henrique Simonsen was unable to keep inflation under control and increase economic growth. Delfim was directed to succeed Simonsen as Planning Minister and in late 1979 established some sweeping policy changes:[7]

(1) Reduction of interest rate subsidies

(2) A 30 percent devaluation of the cruzeiro

(3) Abolition of a variety of fiscal incentives and other forms of protection to exporters, and of public sector borrowing and imports (except oil)

(4) Abolition of the 50 percent cruzeiro deposit on foreign borrowing so as to facilitate the continued inflow of foreign capital to the private sector.[8]

The result of these radical changes in four months time was to increase growth as desired. However, inflation was pushed over 85 percent and the maxidevaluation of 30 percent when added to the normal floating peg of 3.3 percent devaluation per month, caused foreign reserves to drop at a dangerous rate.[9]

As 1980 drew to a close, Brazil was on the verge of having to go to the International Monetary Fund for additional monetary help which often includes mandatory austerity measures. Refusing to borrow from the IMF, Planning Minister Delfim Netto established his own program to attract foreign capital. Credit was tightened to arrest inflation, interest rates were raised and Brazil began a recession. Production dropped off and unemployment increased as the overall growth rate was reduced.[10]

In spite of the drop in growth rate and production and the increased unemployment, some positive results grew out of Delfim's tough policies in 1981. A positive balance of payments of $1.2 billion after previous annual deficits of $2.8 billion (1980) and $2.7 billion (1979) was the product of a record $23.2 billion in exports. Inflation fell from 110 percent to 95 percent and total agriculture production increased by seven percent. After the drastic maxidevaluation of the cruzeiro in 1979, Brazil reassumed its frequent changing crawling peg or mini-devaluation policy towards inflation. In spite of the fact that Brazil's foreign debt

has now risen to about $63 billion, Gesualdo Constanzo, Vice President of Citibank, the largest bank in the world, had the following to say about the Brazilian economy:

> At the end of the last year, many bankers were worried about Brazil's situation. But with the adoption of policies of sanitization of the economy, the prospects changed and the loans are fluid. The size of the debt in absolute numbers is not everything--it is necessary to look at the dimensions of the economy as a whole.[11]

A related aspect which has caused some ill will between the U.S. and Brazil is the recent combination of decisions by the Reagan administration to cut funding aid to developing countries by 25 percent over the next five years at the same time as it "graduated" Brazil in its new policy on loans in the multilateral development banks. The impact this will have on the ability of Brazil to keep pace with payments on its external debt has yet to be evaluated.

The breakdown of import and export trade for the regional blocs of the world (Table 1, p.42) demonstrates the effective diversification of markets achieved by the Brazilian Planning Ministry. Not reflected in this table though are the recent adjustments made in suppliers of petroleum to Brazil. Since the Iran-Iraq war has seriously disrupted Iraq's oil exports to Brazil, Saudi Arabia, Mexico, Venezuela and Nigeria have increased their deliveries of petroleum. Not only have Brazilian import markets been diversified, but exports as well. In addition to the

BRAZILIAN TRADE
($U.S. millions/percent)

	1977		1980	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS
United States	2,401.4/20.0	2,148.7/17.7	4,101.0/17.9	3,509.6/17.4
EEC	2,325.9/19.3	3,886.7/32.1	3,513.4/15.3	5,346.2/26.2
Latin American Bloc	1,342.8/11.2	1,480.4/12.2	2,692.2/11.7	3,458.2/17.2
Africa	549.9/4.6	536.1/4.4	1,107.2/4.8	1,154.3/5.7
Asia	928.1/7.7	1,195.0/9.9	1,596.3/7.0	2,104.1/10.5
Communist Bloc	226.3/1.9	858.7/7.1	248.8/1.1	1,306.6/6.5
Middle East Bloc	3,240.7/27.0	331.7/2.7	7,790.3/33.9	1,039.5/5.2

Banco Central Do Brasil
Boletim Mensal, Novembro de 1981
pp. 258-261

booming soybean production, Brazil has had a great deal of success in the orange juice and frozen chicken exports markets. When the Florida orange crop was frozen last winter, Brazilian orange producer, José Cutrale, received $170 million for deliveries made to the U.S. in a 48 hour period.[12] In a rapidly expanding market (particularly to the Middle East), Brazilian frozen chicken producers enjoyed sales of $390 million in 1981 and have advanced orders for $300 million in 1982.[13]

Among the two puzzling market choices Brazilian entrepreneurs have been involved with are the buildup of a large trade surplus with the Soviet Union, and the investigation of Cuban trade opportunities by a recent Brazilian business delegation. In the January to September period of 1981, the USSR exported $12.6 million of goods to Brazil in exchange for $517 million of Brazilian agricultural and manufactured products.[14] This imbalance has existed throughout their trading history with the only Soviet product for trade that is of interest to Brazil being petroleum. Is this Brazilian trade surplus a strategic reserve of petroleum in preparation for potential supply interruptions in the future?

From 11-15 January 1982 a five member commercial group from Brazil headed by world-wide coffee entrepreneur, Ruy Barreto explored the market potential and compatibility of products. While the Brazilian government did not support

or sponsor this trip, two government ministers did make favorable comments on the potential for trade with Cuba.[15]

Abertura--The Political Future of Brazil

In 1976 President Ernesto Geisel announced the gradual implementation of a concept called abertura, or political opening. As part of this effort Institutional Act V was allowed to lapse. This law previously permitted the president to overrule Congress and suspend civil rights. Censorship was lifted from the Brazilian press, exiles were allowed to return to Brazil and elections were scheduled at the local levels as well as state levels in November 1982.

A complex combination of economic difficulties, seventeen years of military and civilian elite dominated government and the return of exiled political extremists such as Leonel Brizola and Miguel Arrães have caused tremendous political sentiment to be focused on the upcoming November elections. Several setbacks have been experienced by the Brazilian populace who had hopes for the success of abertura under the control of President João Figueiredo. General Golbery do Couto e Silva, the primary architect of abertura under President Geisel, had remained in the government as Chief of the Civilian Cabinet of President Figueiredo. It was a well known fact that Golbery was the strength of the Figueiredo government, providing the driving force behind the forward advances of development and political reform.

Within the government he faced stiff opposition from General Octávio Medeiros, chief of the national intelligence service (SNI) who allied with the "linha dura" (hard line) military leaders feared that the progress of abertura was too rapid portending a return to the political and economic chaos that characterized Brazil in the era before the 1964 revolution. The ambitious Planning Minister Delfim Netto had also been a foe of Golbery in economic matters, both competing for power to pursue their programs. Finally after over a year of internal strife behind the scenes in the government, Golbery resigned in August 1981. The political opposition, always accustomed to blaming Golbery for all that was wrong with the country, was fearful of the future. Senator Tancredo Neves, president of the Popular Party (PP) declared that "We are the losers." He stated that he had "never known any other man who had such a hunger for power as Golbery." He did not have the power to foresee that one day he would spontaneously abandon the power "that he had exercised with such competence and voluptousness." Sao Paulo Senator Franco Montoro of the Brazilian Democratic Movement Party (PMDB) who had always pointed out Golbery as the personification of evil genius, lamented his resignation, "It was he who sustained the policy of abertura."[16]

Golbery's departure from the Figueiredo government was only the beginning of a difficult period for the future of abertura. The well known lawyer and jurist Professor João Leitão de Abreu was installed as his successor. Leitão's experience as Minister of Justice in the Castello Branco government and as Chief of the Civilian Cabinet of President Médici prepared him well for the difficult task he faced. He had been in office only a short time when President Figueiredo suffered a heart attack in October 1981, an illness which was to test the Brazilian constitution and the commitment of the government to abertura.

Perhaps the determination of President Figueiredo and the legal competence of the former jurist Leitão de Abreu were responsible for the smooth transition of Vice President Aureliano to serve as Acting President of the Republic while President Figueiredo traveled to Cleveland, Ohio for consultations with heart specialists. This transfer of power to the Vice President in accordance with the constitution was significant since previous opportunities had been preempted by coup or junta actions.

President Figueiredo returned to office in mid-November 1981, but the pressures of some of his military advisors and pre-election polls predicting sweeping electoral victory for the opposition candidates in the Congress apparently influenced his presentation of electoral reform legislation

which caused considerable controversy. This reform legislation included the following measures:

(1) Straight party ticket voting (for all municipal, state, and federal elections).

(2) All slates must contain candidates for all the positions to be disputed in 1982.

(3) The withdrawal of a candidate for a gubernatorial post will result in the cancellation of all those votes the party in question receives.

(4) All ballots must be cast for candidates of one single party.

This electoral reform bill was submitted to the Congress to be discussed on a priority basis, within forty days. If a decision was not reached in forty days then the bill automatically became law.[17] The presentation of the electoral reforms was likened to the Japanese attack on Pearl Harbor since the President made his public statement of the reform package while a dozen leaders of the opposition party were meeting with Justice Minister Abi-Ackel to negotiate these electoral reform details. The adoption of the straight party ticket vote gives an advantage to the government's Social Democratic Party (PDS) in at least 19 states in the 1982 elections. Without party coalitions the PDS is assured of victory in seven gubernatorial elections and has a better chance to win 11 other races for governor.[18]

Perhaps through miscalculation or underestimation of the determination of the opposition parties, President

Figueiredo compounded his previous electoral problems by uniting the purpose of the leaders of the PMDB and the PP. As a result of a national convention held on 14 February 1982 the membership of both parties, the moderate PP and the liberal PMDB, voted to merge into one party, to be called the PMDB. While the government strongly opposed the merger and appealed, the Superior Electoral Court approved it. While the PDS and President Figueiredo are undertaking other efforts to strengthen their base, including the encouragement of defections from the other parties into the PDS, the coalition that they feared and fought against is now legally constituted.

The major card left to play in this high stakes game is the one of economic linkage. While rigidly pursuing austere economic measures to improve the Brazilian economy, the high taxed, often underpaid, citizen will still be the key to the elections in November. If the government enacts measures to improve the economic welfare of the people it may hold its own in the popular vote and insure its opportunity to indirectly elect a PDS presidential candidate in 1984. If the opposition parties succeed in dominating the electoral college through victory in November 1982, abertura could receive its most severe test to date.

Recent press reports from Brazil indicate that U.S. official visitors have been confronted by opposition

congressional leaders expressing nationalistic sentiments. While the political philosophies of most current government leaders are known, abertura and its potential impact on U.S.-Brazilian relations make it essential for the U.S. country team to become familiar with the inclinations of government and opposition political figures.

Military Security Issues

Among the military issues which focuses the most attention on U.S.-Brazilian relations is the security of the sea lanes of the South Atlantic in the event of an international conflict. During recent visits, U.S. government officials have expressed their concern for joint solutions to this problem, but the differing Southern Africa foreign policies of the U.S. and Brazil thwart any proposed security relationship. The economic realities of Brazil's public stance against apartheid in South Africa and its integral relationship with her trade ambitions in west Africa negates any near term effort to establish a security pact involving both sides of the Atlantic. In addition, the orientation of Brazil's sea lanes (primarily East-West) as opposed to those of the U.S. (Southeast to Northwest) has hindered agreement on contingency basing schemes for the protection of maritime traffic.

The recent announcement by the Brazilian Navy and Air Force to construct installations on Trinidade Island

northeast of Rio de Janeiro underscores this difference. Airfield and port facilities costing $300 million are projected for construction in the near future. The purposes of this installation are territorial occupation; control of air and maritime traffic; support of maritime patrol aircraft; search and rescue; meteorology and telecommunications; ecologic, geologic and oceanographic research; disposition of nuclear residuals; and recovery of aerospace vehicles.[19] Speculation concerning the offer of a dozen P-3 Orion aircraft for sale or lease to Brazil for the joint construction and operation of this base was dismissed by Navy Minister Admiral Maximiano da Fonseca. EMBRAER is reputed to be developing a maritime patrol version of its EMB-120 Brasilia aircraft (prototype to be flown in 1983) which would eliminate the need for the P-3 Orion.[20]

Brazilian interest in South Atlantic security was expressed in recent talks held between Foreign Minister Saraiva Guerreiro and Angolan Foreign Minister Paulo Teixeira Jorge. Upon Minister Guerreiro's suggestion of the formation of a South Atlantic security pact between the two countries, Minister Jorge commented that a naval military force made up of several countries to safeguard maritime trade is not necessary because "it would only serve as an instrument of pressure and intimidation against certain countries of the African coast." He also noted that he had

conveyed to the Brazilian Government the Angolan Government's concern on this matter "since the attempt at extending NATO to the South Atlantic is nothing but a falacious pretext, that is, that of defending a civilization which is not ours."[21] This rebuff by Angola may open up avenues for future U.S.-Brazilian negotiations on the subject.

The Brazilian Navy's mission to patrol the 200 mile economic zone that the country claims has posed another sensitive problem. Because of the confiscation of U.S. owned (not U.S. flag) vessels which enter the zone to fish for shrimp off the coast of Amapa in northern Brazil, negotiations between the U.S. and Brazil are constantly required to settle disputes. In January 1981 an American vessel, Caribbean Seas, was sunk, and only timely negotiations between the two countries prevented a serious incident. Over 78 vessels were confiscated in 1978, most as a result of fishing agreements that had expired in an area that possesses the world's largest reserves of shrimp.[22]

Antarctica has become a target for Brazilian research in the near future. Global interest in the continent for suspected petroleum, mineral and fishing resources has included Brazilian interest in obtaining a research vessel capable of exploring the Antarctic. The United Kingdom, the U.S. and Poland have vessels of interest to Brazil who must conduct research in the Antarctic before 1991 in order

to be included in the consultative council of the Antarctic Treaty. The basis for potential territorial disputes with Argentina have already been declared, but while working out the legalities of territorial claims Brazil's first priority is obtaining a research vessel.[23]

As the Brazilian arms industry continues to expand, the U.S. concern for that country's pragmatism in the sale of the various weapons increases. Current sales are approved by the foreign ministry (Itamaraty) with established criteria prohibiting sales to rebel or revolutionary groups or to countries on the brink of war. The importance of the arms industry's export potential has been fully exploited and the new AM-X fighter-bomber coproduction project between EMBRAER and Italian aeronautical firms is an example of an attempt to produce an affordable, less sophisticated aircraft for the world market. For the same reasons that the Bandeirante has been a commercial success, its low cost and good quality, the AM-X will probably be a viable competitor to U.S. aircraft such as the F-16. With the growth of Brazilian arms exports to a reported $1.45 billion in 1981, the U.S. must not only be concerned with Brazil as a competitor, but also the impact of these sales on regional balance of power relationships.[24]

CHAPTER IV

CONCLUSIONS

The continued improvement in U.S.-Brazilian relations across the political, economic, and military portions of the policy spectrum is dependent upon the mutual understanding of current national orientations. The orientations of the countries are currently quite asymmetrical and have been for some time. The U.S. possesses a global political view which causes its government to be involved in multiple international crises at any one time. As the acknowledged champion of the Western world in the East-West ideological struggle, the U.S. view emphasizes the search for political solutions to the global problems. As a developing nation, Brazil's focus is a global economic one that concentrates on the marketing of its national products and services in a highly competitive international environment. Possessing an achilles heel in its heavy dependence on the expensive commodity, imported petroleum, Brazil has been forced to wage an economic war around the globe to gain access to markets regardless of the ideologies of her clients.

The U.S. has traditionally espoused the pursuit of free trade in this century because for the most part its industry and technology has been superior to its competitors. In spite of the pronouncements we have made in support of

private enterprise and free trade, the U.S. is guilty of protectionism in such industries as the steel and auto industries because of our failure to modernize and maintain our competitive edge. Brazil possesses a combination of statist and private industries (some multinationals as well) which are coordinated by a national government driven towards specific national goals. In the effort to remain competitive in the international market place special export incentives have been used to enhance the country's ability to maintain a positive balance of payments and keep pace with payments on its external debt.

At home Americans are preoccupied about decisions to be made with regard to the country's responsibilities as a superpower, whether it be a decision to intervene in El Salvador or questions of the nuclear arms race. Because of the relatively stable economic situation in the U.S. since the Depression of the 1930's, Americans have only become greatly concerned about fiscal matters in periods such as the current recession. Brazilians as a nation are forty-fourth in the world in per capita income in spite of their impressive national economic growth. Related to these fiscal concerns is uncertainty about the political future of abertura and its subsequent effect on the economy.

An additional asymmetry, that of domestic and international politics, makes the conduct of business between

the two countries difficult. U.S. leaders concerned with East-West relationships often rationalize all sectors of operation on an ideological basis. In addition, our leaders operate from a split power base which limits their ability to execute policy or strategy to those measures which the Congress approves. As a developing country, Brazil's orientation is a North-South one, "have's" versus "have nots." Marshalling national resources for its development is more easily accomplished in Brazil since the centralized government does not face reelection every four years. This tendency will change when abertura becomes a reality.

Understanding these asymmetrical orientations is essential to the policymakers of both countries in an effort to develop effective bilateral relations across the political, economic and military spectrum. The challenge for the 1980's is recognition of these asymmetries and bridging the differences with sound negotiating strategies on the part of both countries. Where broad interests do not coincide, the approach should be to seek out common interests and build from them.

Being aware of our national asymmetries is not enough. Education of our policymakers and modifying the characteristics of these orientations as they change is equally important. Long term policy for change with provision for flexibility is more appropriate than a series of contradictory

short term policies. U.S. government strategists and policymakers have a penchant for rapid direct problem solution whereas their Brazilian counterparts do not. Regarding U.S.-Brazilian relations, an American foreign service officer was heard to remark, "We don't agree on anything." Later that same day his more patient counterpart from Itamaraty when speaking on the same subject remarked, " We only disagree on secondary issues."

The most significant area of disagreement is in the area of economics and trade policy. These disagreements are enhanced since for the most part we have competing economies with similar markets for agricultural products, manufactured goods and various heavy industries. The scope of the trade issues encountered by policymakers requires that the Executive Branch, backed by White House support, provide for the coordination of all foreign trade matters with all sectors of government, (Congress, Commerce, Treasury, Labor, etc.,). This broad coordination of trade issues between State Department Country Teams and a single point of contact with clout can serve to defuse bilateral misunderstandings and also solve long term trade issues.

Exchanges of views must be pursued in all sectors of government and private industry by U.S. policymakers and their Brazilian counterparts. The opportunity to gain

understanding through personal contacts with colleagues from Brazil will not only enhance short term interests and working relationships, but could be important in state to state relations later. Cultural and educational exchange programs should not only be encouraged but promoted. As a subset of this exchange IMET military training must be made available to Brazil once again. Since military agreements were discontinued in 1977, Brazilian military personnel have had no exposure to their counterparts in the U.S. This lost generation of personal exchange will become a real gap in our future understanding on a military to military basis. HR 6027 which proposes an amendment to the Foreign Assistance Act of 1961, and the Arms Export Control Act is the first step in restoring this training.

The U.S. has taken Brazil and the other countries of Latin America for granted over the past four decades. In the 1980's as Brazil realizes her own potential as a great nation, many changes will take place in Brazil, in our hemisphere and in the structure of power relationships in the world. Internal political events which take place during the next six months to two years will have significant impact on the future of Brazil. The U.S. must watch the evolution of these events and cultivate relationships with those who influence them.

NOTES

CHAPTER I (Pages 4-14)

1. Thomas E. Weil, et al., Area Hanbook for Brazil (Washington, D.C.: American University, 1975), p. 391.

2. Graham H. Stuart and James L. Tigner, Latin America and the United States (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1975), p. 692-697.

3. Roger W. Fontaine, Brazil and The United States (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1974), p. 25-26; and Brady B. Tyson, "Brazil," Harold E. Davis and Larman C. Wilson, eds., Latin American Foreign Policies, An Analysis (Baltimore and London: Johns Hopkins University Press, 1975), p. 230.

4. Stuart and Tigner, Latin America and the United States, p. 700-707.

5. Ibid., p. 708-712; and Tyson, "Brazil," p. 234-236.

6. Peter D. Bell, "Brazilian-American Relations," Riordan Roett, ed., Brazil In The Sixties (Nashville: Vanderbilt University Press, 1972), p. 96-99.

7. Robert Wesson, The United States and Brazil (New York: Praeger Publishers, 1981), p. 58-61.

8. Ibid., p. 61-63.

NOTES

CHAPTER II (Pages 15-34)

1. William R. Cline, "Brazil's Emerging International Economic Role," Riordan Roett, ed., Brazil In The Seventies (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1976), p. 65.

2. "Riches and Red Ink," World Business Weekly, 8 December 1980, p. 27.

3. Antonio Aureliano Chaves de Mendoça, "The Brazilian Energy Question," Conference of the members of the International Monetary Fund, Washington, D.C.: 10 January 1980.

4. Robert M. Levine, "Brasil: Democracy Without Adjectives," Current History, February 1980, p. 52.

5. Wayne A. Selcher, Brazil's Multilateral Relations (Boulder: Westview Press, 1978), p. 109-117.

6. Ibid., p. 175-208.

7. Fundação Instituto Brasileiro de Geografia Estatística, Sinopse Estatística Do Brasil 1979 (vol. 6) p. 186-187.

8. William Perry, Contemporary Brazilian Foreign Policy: The International Strategy of An Emerging Power, Foreign Policy Papers, 2,6 (Beverly Hills and London: Sage Publications, 1976), p. 70-73.

9. Selcher, Brazil's Multilateral Relations, p. 222-235.

10. Norman Gall, "Elasticity Snaps," Forbes, 28 February 1980, p. 60.

11. Werner Baer and Carlos Von Daellinger, "Determinants Of Brazil's Foreign Economic Policy," Joseph Grunwald, ed. Latin America and World Economy (Beverly Hills and London: Sage Publications, 1978), p. 149.

12. Robert Wesson, The United States and Brazil (New York: Praeger Publishers, 1981), p. 115-116.

13. Ibid., p. 112-118 and Albert Fishlow, "Flying Down to Rio: Perspectives on U.S.-Brazil Relations," Foreign Affairs, Winter 1978, p. 397-398.

14. U.S. Congress, Senate, Committee on Finance, Trade Reform Act of 1974, Report (Washington: U.S. Govt. Print. Off., 1974), p. 41-43.

15. Wesson, The United States and Brazil, p. 75-88.

16. Jim Brooke, "Bush, In Brazil, Announces Nuclear Cooperation Effort," The Washington Post, 17 October 1981, p. A24.

17. John R. Redick, "Nuclear Proliferation in Latin America," Roger W. Fontaine and James D. Theberge, eds., Latin America's New Internationalism (New York, Washington, London: Praeger Publishers, 1976), p. 270-271.

18. Wesson, The United States and Brazil, p. 89-98.

19. Stockholm International Peace Research Institute, The Arms Trade with the Third World (New York: Holmes and Meier Publishers, Inc., 1975), p. 259-279 and David Ronfeldt and Caesar Sereseres, "U.S. Arms Transfers, Diplomacy and Security In Latin America," Andrew J. Pierre, ed., Arms Transfers and American Foreign Policy (New York: New York University Press, 1979), p. 121-133.

20. Clóvis Brigagão, "The Case of Brazil: Fortress or Paper Curtain?", Impact of Science on Society, January-March 1981, p. 25-27 and EMBRAER Product Line (Pamphlet).

21. Ibid., p. 21-30.

NOTES

CHAPTER III (Pages 35-52)

1. "A Trincheira de Reagan," Veja, 25 February 1981, p.28-29, and "Missao Walters-'Sim','Sei,'" Veja, 4 March 1981, p. 26.

2. "Ligação Antiga," Veja, 17 June 1981, p.26.

3. "Thomas Enders Meets with Foreign Minister." Foreign Broadcast Information Service, 20 August 1981, p.D1. Translated from Jornal Do Brasil, 18 August 1981.

4. "Muito Barulha Inútil," Veja, 23 September 1981, p. 33.

5. Warren Hoge, "Bush Tells Brazil Atom Ban Is Eased," The New York Times, 16 October 1981, p. 3.

6. "Foreign Minister On President's Trip to U.S." Foreign Broadcast Information Service, 9 March 1982, p. D2. Translated from O Globo, 7 March 1982.

7. Robert M. Levine, "Brazil:Democracy Without Adjectives," Current History, February 1980, p. 51-52.

8. Inter-American Development Bank, Economic and Social Progress in Latin America (Washington: 1979), p. 187-188.

9. "Brazil Dries Up Loans For Multinationals," Business Week, 19 May 1980, p. 138.

10. Jim Brooke, "Dateline Brazil: Southern Superpower," Foreign Policy, Fall 1981, p. 168-169.

11. "O Drama da Dívida," Veja, 2 September 1981, p.88.

12. "Lucrando No Frio," Veja, 20 January 1982, p. 69.

13. "O Vôo de Frango," Veja, 16 December 1981, p. 110.

14. Banco Central Do Brasil, Boletim Mensal (Vol 11) (Rio de Janeiro: Nov 1981) p. 258-261.

15. Warren Hoge, "Brazilians Favor Cuban Trade Ties," The New York Times, 7 February 1982, p. 9.

16. "O Feiticeiro Desistiu," Veja, 12 August 1981, p.20-27.

17. "President Submitted Electoral Reform To Congress." Foreign Broadcast Information Service, 2 December 1981, p. D1. Translated from the São Paulo Bandeirantes Network in Portuguese, 1 December 1981.

18. "Electoral Law Impact." Foreign Broadcast Information Service, 30 November 1981, p. D1. Translated from Jornal Do Brasil, 27 November 1981.

19. "Brasil Var Instalar Sistema Aeronaval na Ilba Trinidade," O Globo, 24 March 1982, p.5.

20. "O Porta-Aviões Trinidade," Istoé, 24 March 1982, p.25-26.

21. "Further Reportage On Visit By Angola's Jorge." Foreign Broadcast Information Service, 16 February 1982, p. D1. Translated from O Estado De São Paulo, 12 February 1982.

22. "Briga No Mar," Veja, 28 January 1981, p. 15.

23. "Navy Minister Reveals Activities In Antarctica." Foreign Broadcast Information Service, 17 December 1981, p. D3. Translated from Jornal Do Brasil, 10 December 1981.

24. "Paper Details National Weapons Industry." Foreign Broadcast Information Service, 19 January 1982, p. D4. Rio de Janeiro Latin America Daily Post, 13 January 1982.

BIBLIOGRAPHY

Books

Couto e Silva, Golbery do. Planejamento Estratégico. Brasilia: Editora Universidade de Brasilia, 1981.

Davis, Harold E. and Wilson, Larman C. eds. Latin American Foreign Policies, An Analysis. Baltimore and London: Johns Hopkins University Press, 1975.

Fontaine, Roger W. Brazil And The United States. Washington: American Enterprise Institute for Public Policy Research, 1974.

Fontaine, Roger W. and Theberge, James D. eds. Latin America's New Internationalism. New York, Washington, and London: Praeger Publishers, 1976.

Grunwald, Joseph. ed. Latin America and World Economy. Beverly Hills and London: Sage Publications, 1978.

Meira Mattos, Carlos de. A Geopolítica E As Projeções Do Poder. Rio de Janeiro: Livraria José Olympio Editora, 1977.

Neuman, Stephanie G. and Harkavy, Robert E. eds. Arms Transfers In The Modern World. New York: Praeger Publishers, 1979.

Overholt, William H. ed. The Future of Brazil. Boulder: Westview Press, 1978.

Parker, Phyllis R. Brazil and the Quiet Intervention, 1964. Austin and London: University of Texas Press, 1979.

Perry, William. Contemporary Brazilian Foreign Policy: The International Strategy of An Emerging Power. Beverly Hills and London: Sage Publications, 1976.

Pierre, Andrew J. ed. Arms Transfers and American Foreign Policy. New York: New York University Press, 1979.

Roett, Riordan, ed. Brazil In The Sixties. Nashville: Vanderbilt University Press, 1972.

_____. Brazil In The Seventies. Washington: American Enterprise Institute for Public Policy Research, 1976.

Schneider, Ronald M. The Political System of Brazil. New York and London: Columbia University Press, 1971.

_____. Brazil: Foreign Policy of a Future World Power. Boulder: Westview Press, 1976.

Selcher, Wayne A. Brazil's Multilateral Relations. Boulder: Westview Press, 1978.

Stephan, Alfred. ed. Authoritarian Brazil. New York and London: Yale University Press, 1973.

Stuart, Graham H. and Tigner, James L. Latin America and the United States. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1975.

Tancer, Shoshana B. Economic Nationalism In Latin America. New York, Washington and London: Praeger Publishers, 1976.

Weil, Thomas E., et al., Area Handbook for Brazil. Washington: American University, 1975.

Wesson, Robert. The United States and Brazil. New York: Praeger Publishers, 1981.

Magazine Articles

"A Abertura Enfartada." Veja, 23 September 1981, p.20-26.

"A Negociação Voltou." Veja, 18 November 1981, p. 22-23.

"A Trincheira de Reagan." Veja, 25 February 1981, p. 28-29.

"A Troca Na Entressafra." Veja, 16 December 1981, p.20-21.

Barovick, Richard. "New U.S. Policy Toward Multilateral Development Banks." Business America, 5 April 1982, p. 2-5.

Bittencourt, Getulio. "Presidente Bom, Goberno Ruim." Veja, 17 March 1982, p. 130.

"Brazil Dries Up Loans For Multinationals." Business Week, 19 May 1980, p. 138.

"Briga No Mar." Veja, 28 January 1981, p. 15.

Brigagão, Clóvis, "The Case of Brasil: Fortress or Paper Curtain?" Impact of Science on Society, January-March 1981, p. 17-31.

Brisola, Dirceu. "Casa Binacional." Veja, 14 October 1981, p. 28.

Brooke, Jim. "Dateline Brazil: Southern Superpower." Foreign Policy, Fall 1981, p. 167-180.

"Carajás Dá A Largada." Veja, 16 December 1981, p. 104-105.

"Comandante A Bordo." Veja, 18 November 1981, p. 20-21.

"De Olho No Gelo." Veja, 21 October 1981, p. 31.

Enders, Thomas O. "Brazil And The United States Today." Department of State Bulletin, November 1981, p. 87-89.

"Embrulhou-se A Eleição." Veja, 2 December 1981, p. 20-30.

Fishlow, Albert. "Flying Down To Rio: Perspectives on U.S.-Brazil Relations." Foreign Affairs, Winter 1978, p. 387-405.

Gall, Norman, "Elasticity Snaps." Forbes, 28 January 1980, p. 60.

Garcia, Roberto, "A Abertura É Estimulante." Veja, 19 August 1981, p. 5-8.

Krugmann, Hartmut. "The German-Brazilian Nuclear Deal." The Bulletin of the Atomic Scientists, February 1981, p. 32-36.

Levine, Robert M. "Brazil: Democracy Without Adjectives." Current History, February 1980, p. 49-52.

"Ligação Antiga." Veja, 17 June 1981, p. 26.

"Ligações Perigosas." Veja, 24 June 1981, p. 44-51.

"Lucrando No Frio." Veja, 20 January 1982, p. 69.

"Miracles Do Not Happen." The Economist, 6 March 1982, p.80-82.

"Missão Walters-'Sim'-'Sei'." Veja, 4 March 1981, p. 26.

"Muito Barulho Inútil." Veja, 23 September 1981, p. 33-34.

"Na Primeira Divisão." Veja, 6 January 1982, p. 64-66.

"O Brasil No Mapa-Mundi." Veja, 28 October 1981, p. 40-45.

"O Drama da Dívida." Veja, 2 September 1981, p. 86-89.

"O Feiticeiro Desistiu." Veja, 12 August 1981, p. 20-31.

"O Governo Inaginário." Veja, 14 October 1981, p. 20-21.

"O Porta- Aviões Trinidade." Istoé, 24 March 1982, p. 25-26.

"O Vôo de Frango." Veja, 16 December 1981, p. 110.

"Pausa Para A Mudança." Veja, 19 August 1981, p. 20-27.

"Riches and Red Ink." World Business Weekly, 8 December 1980, p. 27-35.

Santa Cruz Selma. "Olhem Para Os Vizinhos." Veja, 14 October 1981, p. 3-6.

Scheina, Robert L. "Latin American Navies." United States Naval Institute Proceedings, March 1981, p. 22-27.

"Sem Regalias." Veja, 25 March 1981, p. 81.

"South American Blues." The Economist, 6 March 1982, p. 16-17.

"The Commuter Plane That Flies On Financing." Business Week, 12 April 1982, p. 46.

"Volta Ao Jogo Da Tensão." Veja, 24 February 1982, p. 20-23.

Newspaper Articles

"Brasil Vai Instalar Sistema Aeronaval na Ilha Trinidade." O Globo, 24 March 1982, p. 5.

Brooke, Jim. "Bush, In Brazil, Announces Nuclear Cooperation Effort." The New York Times, 23 January 1977, p.A-24.

"Guerreiro Diz Na China Que O Brasil Rejeita Liderança." O Globo, 24 March 1982, p.7.

Hoge, Warren. "Bush Tells Brazil Atom Ban Is Eased." The New York Times, 16 October 1981, p. 3.

_____. "Brazilians Favor Cuban Trade Ties." The New York Times, 7 February 1982, p. 9.

"Ministros Dizem Que Base Será Só 'Campo de pouso.'" Journal Do Brasil, 24 March 1982, p. 5.

Reich, Robert B. "Adjust to Compete." The New York Times, 8 April 1982, p.A-23.

Rowen, Hobat. "Rich Are Warned Against Reducing Poor Nations' Aid." Washington Post, 18 February 1982, p.D9.

_____. "U.S. To Cut Funding 26 Pct. For Loans To Poor Countries." Washington Post, 19 February 1982, p. A-1.

Seaberry, Jane. "U.S. Preferences In Trade Reduced." Washington Post (Washington Business), 22 March 1982, p. 23.

Foreign Broadcast Information Service Translations

"Couto E Silva's Resignation Seen As Detrimental." Foreign Broadcast Information Service, 6 November 1981, p. D5. Translated from O Estado De São Paulo, 20 October 1981.

"Editorial Disputes World Bank NIC Classification." Foreign Broadcast Information Service, 2 October 1981, p. D1. Translated from Jornal Do Brasil, 29 September 1981.

"Electoral Law Impact." Foreign Broadcast Information Service, 30 November 1981, p. D1. Translated from Jornal Do Brasil, 27 November 1981.

"Foreign Minister On President's Trip to U.S." Foreign Broadcast Information Service, 9 March 1982, p. D2. Translated from O Globo, 7 March 1982.

"Foreign Minister On U.S.Relations, Other Issues." Foreign Broadcast Information Service, 14 October 1981 p.D1-D2. Translated from Folha De São Paulo, 11 October 1981.

"Further Reportage On Ecuadorean President's Visit." Foreign Broadcast Information Service, 11 February 1982, p. D2. Translated from São Paulo Radio Bandeirantes Network in Portuguese, 10 February 1982.

"Further Reportage On Visit By Angola's Jorge." Foreign Broadcast Information Service, 16 February 1982, p. D1. Translated from O Estado De São Paulo, 12 February 1982.

"Galveas Predicts Increase In Exports To Iraq." Foreign Broadcast Information Service, 17 November 1981, p. D2. Translated from Jornal Do Brasil, 13 November 1981.

"Itamaraty Position On Non Intervention Scored." Foreign Broadcast Information Service, 18 November 1981, p. D1. Translated from O Estado De São Paulo, 14 November 1981.

"Major Weapons Deal With Iraq Expected In 1982." Foreign Broadcast Information Service, 23 December 1981, p. D1. Translated from Jornal Do Brasil, 20 December 1981.

"Navy Minister Reveals Activities In Antarctica." Foreign Broadcast Information Service, 17 December 1981, p. D3. Translated from Jornal Do Brasil, 10 December 1981.

"Paper Details National Weapons Industry." Foreign Broadcast Information Service, 19 January 1982, p. D4. Latin America Daily Post, 13 January 1982.

"Planning Minister Dismisses Debt Rescheduling." Foreign Broadcast Information Service, 3 November 1981, p. D1. Translated from Buenos Aires LATIN in Spanish, 2 November 1981.

"President Submitted Electoral Reform To Congress." Foreign Broadcast Information Service, 2 December 1981, p. D1. Translated from the São Paulo Bandeirantes Network in Portuguese, 1 December 1981.

"Report On Foreign Minister's Suriname Guyana Visit." Foreign Broadcast Information Service, 8 February 1982, p. D1. Translated from Jornal Do Brasil, 31 January 1982.

"Reportage On Visit By Saudi Minister." Foreign Broadcast Information Service, 17 August 1981, p. D1-D2. Translated from O Globo, 14 August 1981.

"Saraiva Guerreiro Discusses Foreign Policy." Foreign Broadcast Information Service, 29 October 1981, p. D1-D4. Translated from Clarin in Spanish, 25 October 1981.

"Saudi Arabia Agrees To Double Oil Exports." Foreign Broadcast Information Service, 24 December 1981, p. D1. Translated from Jornal Do Brasil, 26 November 1981.

"Senate Approves Nuclear Agreement With Iraq." Foreign Broadcast Information Service, 2 October 1981, p. D3. Translated from the Brasilia Domestic Service, 30 September 1981.

"Thomas Enders Meets with Foreign Minister." Foreign Broadcast Information Service, 20 August 1981, p. D1. Translated from Jornal Do Brasil, 18 August 1981.

Miscellaneous

Aureliano Chaves de Mendoça, Antonio. "The Brazilian Energy Question." Conference of the members of the International Monetary Fund, Washington, D.C.: 10 January 1980.

Banco Central Do Brasil. Boletim Mensal (Vol 11). Rio de Janeiro: November 1981.

Fundação Instituto Brasileiro de Geografia Estatística, Sinopse Estatística Do Brasil 1979 (vol.6).

Inter-American Development Bank. Economic and Social Progress in Latin America. Washington: 1979.

Stockholm International Peace Research Institute. The Arms Trade In The Third World. New York: Holmes and Meier Publishers, Inc., 1975.

U.S. Congress. Senate. Committee on Finance. Trade Reform Act of 1974. Report. Washington: U.S. Govt. Print. Off., 1974.